

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6024

BILL NUMBER: HB 1027

NOTE PREPARED: Apr 29, 2007

BILL AMENDED: Apr 28, 2007

SUBJECT: Economic Matters.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR: Sen. Bray

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: *Minimum Wage:* This bill ties the amount of Indiana's minimum hourly wage to the Federal Minimum Wage.

Wage Assignment: This bill increases from \$800 to \$6,000 the amount of the maximum wage claim for which the Commissioner of the Department of Labor may take an assignment.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Minimum Wage:* The impact would depend on future changes in the Federal Minimum Wage. The current state and Federal Minimum Wage is set at \$5.15 so there would be no immediate fiscal impact. In April 2007, there was a bill in Congress which would increase the Federal Minimum Wage to \$5.85, 60 days after the effective date, then \$6.55 a year later and \$7.25 a year after that. The state has thirteen employees who are paid less than \$7.25 per hour. The increase could range from no impact to about \$60,000 a year if the proposed federal increase becomes law. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Wage Assignment: The impact on the state and local governments would be as an employer and should be a minor impact, if any. Increasing to \$6,000 from \$800 the amount of the maximum wage claim for which the Commissioner of the Department of Labor may take an assignment could increase the administrative costs of the Department of Labor. The increase in costs would probably be minor.

Explanation of State Revenues:

Explanation of Local Expenditures: *Minimum Wage:* The local impact of increasing the minimum wage is unknown, but probably minor.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database; State Revenue Forecast (December 14, 2006);

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